

Message Text

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64

ACTION EB-06

INFO OCT-01 ARA-06 ISO-00 AGR-05 COME-00 CIEP-01 STR-01

OMB-01 TAR-01 TRSE-00 L-02 CIAE-00 INR-05 NSAE-00

RSC-01 /030 W

----- 065051

R 211845Z OCT 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 8383

INFO AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMCONSUL GUAYAQUIL

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: ETRD, CS

SUBJECT: STATUS OF BANANA NEGOTIATIONS

1. FINANCE MINISTER MORERA AND MINISTER OF ECONOMY, INDUSTRY AND COMMERCE SANCHEZ MET LAST WEEK WITH LOCAL REPRESENTATIVES OF COMPANIA BANANERA (UNITED BRANDS) FOR FURTHER CONSULTATIONS ON BANANA EXPORT TAX. EMBOFF CALLED ON CARLOS ROESCH OF UNITED BRANDS OCTOBER 21 TO GET A REPORT ON LAST WEEK'S MEETING.

2. ROESCH SAID THAT THE COSTA RICAN GOVERNMENT REPRESENTATIVES TALKED TO THEM IN TERMS OF A 50 CENT TAX ON BANANAS AND A \$2.20 EXPORT PRICE (PRECIO DE SALIDA) FOR BANANAS PURCHASED FROM INDEPENDENT PRODUCERS. MINISTERS DID NOT GIVE ANY INDICATION OF TIMING FOR IMPLEMENTATION OF PROPOSALS, THUS
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LEAVING UNITED BRANDS REPS IN THE DARK AS TO

WHETHER A PROGRESSIVE INCREASE TO 50 CENTS OVER
A PERIOD OF SEVERAL YEARS IS STILL CONTEMPLATED
OR WHETHER THE GOVERNMENT WILL INDEED PRESS FOR
AN IMMEDIATE INCREASE TO 50 CENTS. ROESCH IS
HOPEFUL THAT FORMER IS THE CASE, AS SUGGESTED IN
PRESS REPORTS OF LAST WEEK'S MEETING WHICH
MENTIONED GOVERNMENT INTENTION TO HAVE PROGRESSIVE
INCREASE ("EN FORMA ESCALONADA").

3. ROESCH SAID THAT HIS COMPANY WOULD HAVE GREAT
DIFFICULTY IN ACCEPTING AN IMMEDIATE INCREASE TO
50 CENTS, ESPECIALLY IF OTHER NEARBY PRODUCING
COUNTRIES SUCH AS HONDURAS AND GUATEMALA WILL
PHASE IN THE HIGHER TAX ON A PROGRESSIVE BASIS.
LANE

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Message Attributes

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